

How Are Budgets Established?

Budgeting begins with a recommendation by the Governor. Prior to the legislative session, the Legislative Fiscal Division analyzes this budget and Montana's economic conditions and other factors pertinent to budget establishment. The resulting document is presented to the legislature and used and updated throughout the budgeting process.

Beginning the first week of the legislative session, subcommittees of the Joint House Appropriations and Senate Finance Committees meet to establish initial recommendations. This process takes about six weeks.

HB 2 then goes through the standard committee review process.

What if You're Not on a Subcommittee?

The bulk of the review of HB 2 takes place at the subcommittee level. Therefore, it is during this time that other legislators may wish to participate through provision of options or testimony.

Prior to the beginning of the legislative session, Legislative Fiscal Division staff prepares a calendar of subcommittee action, with the review and approval of the subcommittee chair. This schedule is available through the LFD and on the Internet. LFD staff can also provide any assistance needed.

Contact the Legislative Fiscal Division
Room 110 of the State Capitol or visit us at:
<http://leg.mt.gov/fiscal>

"Fiscal Pocket Guide" Publications Available as of November 2002

Basic State Finances
Bed Tax
Fiscal Training Opportunities
General Fund Fiscal 2002
Higher Education Funding
K-12 Education Funding
Medicaid
Montana Highway Funding
Montana's Budgeting Process
Pertinent State Statistics
Resource Indemnity Trust
TANF

Publications Under Development

Coal Tax Trust
Local Government Funding
Tobacco Trust

LFD Mission Statement

We are committed to enhancing the legislative process through understandable and objective fiscal policy analysis and information.

Fiscal Pocket Guide



FOCUS ON... MONTANA'S BUDGETING PROCESS

LEGISLATIVE FISCAL DIVISION

November 2002



Primary Contact: Taryn Purdy
Room 114, State Capitol
Helena, MT 59620-1711
(406) 444-5383

Legislative Fiscal Division



www.leg.state.mt.us/fiscal

Purpose—Explain how budgets are developed and approved in Montana.

Other Written Resources—“Understanding State Finances and the Budgeting Process”, a complete discussion of the process summarized here. Available in the Legislative Fiscal Division offices in room 110 of the State Capitol or on the web at <http://leg.mt.gov/fiscal>

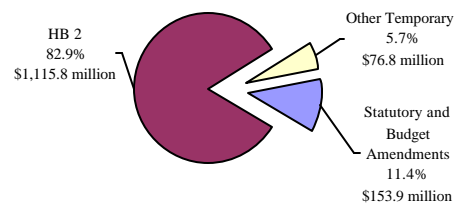
How Does State Government Get Money to Spend?

With limited exceptions, before state government can spend funds, the legislature must provide an appropriation. An appropriation is an authorization to spend money from the state treasury.

Through What Vehicle Does Montana Spend Money?

Most appropriations are temporary (only good for two years). All but a small portion of temporary appropriations are made in one bill—the General Appropriations Act (HB 2). Budgeting in Montana is primarily determining public policy through the provision of funds and conditions on those funds to operate state government in HB 2. Consequently, this brochure will address this bill only.

Sources of General Fund Expenditure Authority
Fiscal 2002

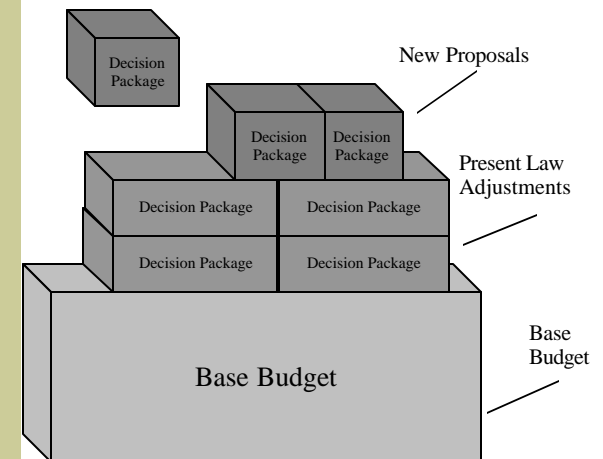


What Is the Budgeting Structure?

Budgeting is a three-tiered process consisting of:

- 1) The base budget, which is actual expenditures in the last fully completed fiscal year adjusted for expenditures inappropriate for consideration, such as expenditures for ongoing functions (e.g. statutory appropriations and budget amendments).
- 2) Present law adjustments to derive a present law base, which is the level of funding needed under present law to maintain operations and services at the level authorized by the previous legislature (e.g. caseload and enrollment increases and inflation).
- 3) New proposals, which are requests to provide new nonmandated services, to change program services, to eliminate existing services, or to change sources of funding.

All changes to the base must be included in decision packages, which are available for individual consideration by the legislature and require a positive vote to implement.



What Is the Budgeting Content?

Budgeting is done through examination of the various functions that make up each division (“program” for budgeting purposes) in each agency. Within each function, various types of expenditures are examined (e.g. personal services, operating expenses, benefits, and local assistance). Because all of these expenditures represent the myriad policies that underlie them, establishing budgets also establishes public policy.